



**Committee for the Evaluation of Business Administration  
Study-Programs**

**General Report**

**April 2007**

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## **Chapter 1 - Background**

At its meeting on March 8<sup>th</sup>, 2005 the Council for Higher Education (CHE) decided to evaluate study programs in the fields of Business Administration during the academic year 2005-2006.

Following the decision of the CHE, the Minister of Education, who serves ex officio as a Chairperson of the CHE, appointed a committee consisting of:

- ***Professor Stuart I. Greenbaum*** - Former dean and Bank of America, Emeritus Professor of Managerial Leadership, U.S.A, Committee Chairperson.
- ***Professor Arnoud W.A. Boot*** - Faculty of Economics and Econometrics, University of Amsterdam, the Netherlands.
- ***Professor Arie Goldman*** - KMART Chaired Professor in Marketing, The Jerusalem School of Business Administration, the Hebrew University of Jerusalem.
- ***Professor Dr. Peter Leeflang*** - Frank M. Bass Professor of Marketing, Department of Economics, University of Groningen, the Netherlands.
- ***Professor Thomas Z. Lys*** - Eric L. Kohler Chair in Accounting, Accounting Information and Management, Kellogg School of Management, Northwestern University, USA
- ***Professor Yair E. Orgler*** - Former Chairman of The Tel-Aviv Stock Exchange, and former Vice-Rector, Tel - Aviv University, Committee Deputy Chair.
- ***Professor David A. Walker*** - John A. Largay Professor, McDonough School of Business, Georgetown University, Washington DC, U.S.A.

***Ms. Chen Hadad*** - Coordinator of the committee on behalf of the Council for Higher Education.

Within the framework of its activity, the committee was requested to<sup>1</sup>:

1. Examine the self-evaluation reports, submitted by institutions that provide study programs in Business Administration, and to conduct on-site visits at those institutions.

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<sup>1</sup>The Document with Terms of Reference of the committee is attached as **Appendix 1**

2. Present the CHE with reports for the evaluated academic units and study programs - a separate report for each institution, including the committee's findings and recommendations.
3. Submit to the CHE a separate report regarding the examined field of study within the Israeli system of higher education.

The entire process was conducted in accordance with the CHE's Guidelines for Self-Evaluation (of October 2005) and on the basis of the Specific Questions for the Fields of Business Administration which were compiled by the committee.

## **Chapter 2 - Committee Procedures**

The Committee held its first meeting on January 11, 2006, during which it discussed fundamental issues concerning Business Administration study programs in Israel and the quality assessment activity.

During the months of June-July 2006, the committee members received the self-evaluation reports and in September 2006 they began to hold discussions regarding these reports.

In November-December 2006, the committee members visited the institutions. During the visits, the committee met with officials of each institution as well as faculty and students. The timetable set for visits to the various institutions is attached as **Appendix 2.**

In accordance with the committee's request, each institution publicized in advance the committee's visit and it invited academic staff members, administrative staff and students to meet with the committee in order to express their opinions concerning the Business Administration study programs.

In order to avoid the appearance of conflict of interests, committee members who have had Professional relationship with one of the assessed institutions, chose not to participate in its evaluation.

This report deals with the **Business Administration Study-Programs within the Israeli system of higher education.**

### **Chapter 3 - General Report - MANAGEMENT EDUCATION IN ISRAEL**

#### **Preface**

The following report is based on a systematic review of management education in Israel at 7 public universities and 7 colleges, 4 of which are “private”. The review was conducted by a Visitors’ Committee of 7 members from the U.S. (3), The Netherlands (2) and Israel (2). Our observations are based upon review of an extensive self-examination conducted by faculty and administrators at the 14 schools and one-day site visits at 13 of the 14 schools.<sup>2</sup> The comments offered herein are the distillate of these examinations and constitute judgments of the current state of management education in Israel along with recommendations for improvement of a dire and deteriorating situation. The report is endorsed by the entire membership of the Visitors’ Committee even if not all members subscribe to every opinion expressed herein. All agree, however, that major reform is necessary if a protracted decline in quality is to be reversed. Moreover, all agree that management education can, with sensible planning and increased investment, become a strategic asset for Israel and its burgeoning economy. The Committee’s work was done at meetings and via email and telephonic exchanges over the period from January 2006 through March 2007.

#### **Introduction**

Recent decades have seen a dramatic increase in the demand for higher education in Israel resulting in severe strains on universities and colleges. Rising incomes and an increasingly professional mix of job opportunities have increased the fraction of high school graduates seeking higher education. The universities’ inadequate response to this growth in demand encouraged the expansion of colleges, both public and private, providing BA and, more recently, MBA programs. In addition, the pattern of demand has shifted toward professional education, notably legal and management education.

The exclusivity of public funding of higher education, traditional in Israel as well as Europe, is slowly being superseded by a mixed public/private structure more typical of the U.S. In Israel, public funding has failed to keep up with growing demand leaving a growing gap in required resources to be filled by private funds. The result is a more diverse system with public universities and colleges competing with

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<sup>2</sup> Despite numerous efforts by the Committee, we could not find a time to meet with representatives of Sapir College at any place away from Sderot, a location the Committee chose to avoid for reasons of safety.

privately funded colleges. Since both public and private educational institutions are regulated by the CHE, it is the CHE that bears responsibility for the strategic positioning of the various educational institutions.

The evolving educational landscape presents an ongoing challenge for the CHE. In the case of publicly funded institutions, the CHE must ensure that public resources serve the public interest, and they must also provide consumer protection against fraud and misrepresentation. In the case of private institutions only the latter function comes into play.

While the proper domain of public regulation should differ according to whether public resources are being deployed, the emergence of private educational institutions also limits the power of government to regulate publicly funded institutions. The privates compete with the publicly funded institutions for faculty, students and even donors. This dynamic has hegemonic implications for the CHE. The regulatory challenge has become far more complex in the more diverse system and the CHE needs to rethink why it regulates, what it regulates and how it regulates. With many applications pending for new schools and programs, entry is a particularly challenging prospect. Unintended consequences are an omnipresent danger.

Whereas earlier the six public universities were marginally capable of serving an evolving educational elite, the recent explosion of demand for professional managers expanded the share of incumbent students wishing to study management and also increased the share of high school graduates seeking higher education. This was the backdrop against which the colleges and Open University experienced unprecedented growth in applications, especially to their legal and management education programs. With the growth of these younger programs, the public budget had to be spread over more students and institutions, and this imposed serious budgetary stringency upon the more established public universities. The austerity has resulted in a serious erosion in the number of qualified faculty at the more established institutions along with severe staffing problems in the newer institutions. Consequently, an increasing proportion of BA and MBA courses are being taught by less qualified faculty, adjuncts and PhD students. Likewise, the combination of budget cuts and competition for tuition paying students has resulted in reduced contact hours, a gradual shift to evening classes and concentration of studies in one or two days of the week. The result has been a distressing decline in the quality of BA and MBA programs.

## **A Taxonomy of Programs**

The programs examined can be classified as follows:

- Universities: Bar-Ilan, Ben-Gurion, Haifa, Hebrew, Technion, Tel Aviv<sup>3</sup>
- The Colleges
  - Publicly funded: Judea and Samaria, Ruppin and Sapir
  - Privately funded: College of Management, IDC Herzliya, Netanya Academic College, Ono Academic College
- Other: Open University

This list can be expanded by at least 12 schools (programs) if we add those awaiting approval in the regulatory pipeline plus those entitled “economics and management”. By any measure, management education has experienced extraordinary growth. As is common in such situations, the landscape has a chaotic appearance. Programs are strikingly heterogeneous in content and quality. Differences are manifested in quality of faculty, student entry standards, facilities and leadership. Consumers are misled, services are not always as advertised, and the industry has not been stably rationalized at its newly expanded scale. Two points are overarching: 1) This is an industry in which buyers and sellers tend to be asymmetrically informed—education is an information good rather than a commodity, and 2) education is imbued with a compelling public interest. This public interest finds expression in the work of the CHE which is yet to provide the guidance necessary to facilitate orderly growth and the maintenance of quality standards. What appears lacking is a vision for the system of management education programs. The relationship of the colleges to the universities, the relationship of publicly to privately funded schools, control of program quality, and the resources necessary to finance the system are all in need of serious attention.

BA and MBA aspirants in Israel confront four options: 1) go abroad at a price few can afford, 2) attend an Israeli university where entry is selective, and teaching and scheduling are often indifferent, 3) attend a private-sector Israeli college where admission standards are less demanding but tuition may be an obstacle, or finally 4) go to a public college where tuition is more manageable, and admission standards are less restrictive than at the universities.

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<sup>3</sup> The Recanati School at Tel Aviv University is the only AACSB accredited business school in Israel.

The colleges, both public and private, educate those eschewed by the universities and they set a national standard for sensitivity to student needs because of their dependence on tuition revenue, and their weaker commitment to research. The compelling problem of the colleges is sustainability. Almost all aspire to offering graduate programs and increasing the priority of research. The latter is motivated largely by the CHE's standards for faculty promotion, but some of the colleges also are eager to elevate their status among institutions of higher learning.

At the highest level, management education is an international industry in the sense that students, faculty and administrative staff buy and sell their wares across national borders. In addition, the *lingua franca* of management education is English. Leading management education programs in France, Germany, China and Latin America are delivered in English at schools staffed by polyglot faculty from all over the world. Likewise students at the top business schools in North America and Europe come from round the globe. With minor exceptions, Israel's management education, has been isolated by language and paucity of resources. While Israeli faculty from the established business schools often teach abroad, there is little reciprocity from Europe and the U.S. and international students studying in Israeli management programs are few. Language is a major inhibitor along with woefully noncompetitive faculty compensation.

If Israel's leading business schools are to compete internationally, and the Committee unanimously believes this should be a goal, English will need to gradually supplant Hebrew. Indeed, we believe that all degree programs in management should ensure the English fluency of all graduates. In addition, faculty compensation levels need to be recalibrated against international standards. The market is inescapable.

## **Recommendations**

In what follows, we offer recommendations around two themes: 1) rationalizing management education in Israel, and 2) ensuring the quality of specific programs.

### ***1. Rationalizing the Industry***

Uppermost is defining meaningful and distinct roles for the colleges *vis a vis* the universities and those privately funded *vis a vis* the publicly funded.

*1a. Colleges and Universities*

The universities enjoy historical primacy, have the best students, the most accomplished faculty and a more ambitious research mission. The colleges grew in recent years to serve an expanded demand for higher education, and they provide this service to a wider quality array of students at a lower direct public cost per student. The priority of teaching as opposed to research is greater at the colleges. This distinction is not, however, formally recognized by the CHE in its standards for faculty advancement. College faculty are expected to satisfy similar research standards for promotion as those at the universities where teaching loads are lower by a third, and effort per class may be less as well. College faculty tend to be more accessible to students and class schedules are more convenient.

Patterns of faculty staffing at the colleges tend to converge, probably out of necessity. Senior positions are typically occupied by retired university faculty past their peak of research productivity and enthusiasm for teaching. These faculty provide a veneer of reputational respectability, and often little more. They are unlikely to mentor junior faculty and their teaching is likely to be uninspired. These elders are complemented with young Ph.D.s mostly from Israeli universities, Ph.D. students and many adjuncts. The universities are staffed to a greater extent with Ph.D.s trained abroad (mostly U.S.) along with a substantial contingent of adjunct faculty. The university faculty structure is skewed towards older faculty. Research active mid-career faculty as well as younger faculty members from leading universities in Europe and the U.S. are increasingly sparse.

Among educators, it is widely understood that only the most talented teachers can communicate effectively with a diverse audience. That is the challenge of the colleges, both public and private, where the students are both less gifted on average and more heterogeneous. Hence, the universities add relatively more value through screening and certification whereas the colleges add relatively more value through training.

One way to recognize the differing missions of the colleges is to formalize standards for faculty promotion that recognize this difference in priorities. College faculty are expected to do research in order to qualify for promotion, and we strongly support this idea. The question is how much and what exactly qualifies as acceptable research. While we do not presume to advise in detail here, there is the feeling among some Committee members that high quality teaching materials such as simulations

and cases should be acceptable in partial fulfillment of promotion requirements for college faculty members. Thus, high quality, widely deployed teaching materials should be substitutable *in part* for publications in peer reviewed academic journals. There is currently a paucity of teaching cases rooted in Israeli experience, and this would seem a constructive way to support quality teaching in Israel.

The universities, perhaps only the better established among them, should become the hubs of research consortia. It is currently difficult to sustain vibrant Ph.D. programs because scale is lacking. Moreover, there is pressure to expand the number of such programs as more colleges and universities seek to promote research. The Committee endorses the formation of research consortia built around the better established universities that will encourage the participation of qualified faculty at the colleges and other universities. One might even imagine the universities specializing or leading the consortia according to discipline. For example, Tel Aviv might take the lead in Finance, Hebrew University in Marketing, and the Technion in Operations and Entrepreneurship. The idea is to encourage consolidation to achieve critical mass, elevate standards and conserve resources. There is already some of this being done informally, but we recommend that the CHE formalize and fund such undertakings. Supporting independent and inclusive Ph.D. programs at each of the universities, the present CHE policy, is needlessly expensive and subversive of quality. Allowing qualified college faculty to participate in consortial programs will advance their research agendas, enhance faculty satisfaction and reduce the pressure to proliferate Ph.D. programs.

#### *1b. Public vs. Private Programs*

All seven universities are publicly funded, whereas four of seven examined colleges are private. These private schools are largely tuition funded and hence tend to lead in their sensitivity to market trends. Their standards of student service are high, they are program innovators, they tend to pay high faculty salaries in lieu of tenure and other benefits, and most seem to be well managed. They offer healthy competition for the public colleges and universities, and they therefore merit encouragement as an important component of the system. The need for public regulation of these colleges is diminished by virtue of their private funding, and this should be clearly recognized by the CHE. However, even with private funding, the consumer protection basis for public regulations remains. Thus, the CHE needs to mandate and monitor transparency so that program offerings and details of their quality are readily and

reliably available to all interested parties. Indeed, these schools should be given greater freedom to innovate and experiment, given that the costs of their mistakes are not borne directly by the public. One might even imagine the creation of a private university some time in the future. Our major point here is that competition between the public and private sectors in education can be expected to produce benefits for all, and the CHE should encourage the private sector of higher education. However, until the pressing problems of extant institutions are addressed, it may be wise to defer entry of new institutions.

### *1c. Program Autonomy*

Management education is first and foremost *professional* education. Efficient delivery of these services depends to some extent on organizational arrangements which vary widely at both the universities and colleges. Some programs are embedded in Economics Departments or in Faculties of Social Sciences, some are separate departments, others are schools, and still others are Faculties. As a professional program, management education like the law has unique attributes that inhibit success when subordinated to a social or behavioral science or industrial engineering. In order to realize their full potential, management education programs require the autonomy and status that comes with being a Faculty in their own right. This is a goal the CHE should work toward, even if its accomplishment may require a period of years.

### *1d Clear Goals*

When asked to articulate their vision, mission and values, we found almost all schools (programs) did poorly. Most offered similar clichéd expressions of excellence in teaching, research and community service. We were unable to distinguish among schools on the basis of these statements and, worse, we believe the schools are unable to distinguish among themselves. The schools should internalize their strengths and weaknesses and publicize clear and cogent statements of their vision, mission and values. The CHE should incorporate these statements within its monitoring system, affirming adherence to these avowals. It is difficult to imagine effective management and planning in the absence of organization wide understanding of and commitment to shared goals and aspirations.

## *2. Ensure Quality of Programs*

The Committee observed an expansive and disquieting range of quality across both universities and colleges in almost every aspect of the educational endeavor.

Some displayed lax admission standards for students, others abbreviated class hours, still others had two-thirds to three-fourths of courses taught by part-timers and adjuncts, and yet others suffer from student integrity and class attendance problems.

At some of the universities, especially Bar-Ilan and Haifa, business administration departments are within the social science faculty and are unable to hire the permanent faculty needed to address programmatic ills. Most university business schools and programs are severely understaffed and demoralized, making it difficult to motivate faculty. The principal strength of the universities resides in the quality of their dwindling research oriented faculty, their eroding reputational capital and modest tuition. These strengths permit the better established universities to attract the best students and faculty which enables their continuing role as screeners and certifiers of graduates. The further development of the privates may ultimately challenge this dominance.

To address this syndrome, we recommend the following:

- A number of committee members believe that the serious quality problems encountered in most colleges and in some universities are best addressed by requiring all program entrants to sit for a standardized entry exam, the Psychometric for undergraduates and the GMAT for graduate students.
- Others on the Committee lack confidence in standardized exams and prefer the Open University approach of virtually unrestricted admission combined with rigorous performance requirements. There is a danger of packing classrooms with the inadequately prepared, but given the large immigrant population and the overarching priority of fostering upward social mobility, we feel it important to provide educational opportunities as broadly as possible. Some Committee members favor less rigorous entry standards combined with a searching exit exam, like the Bar and CPA exams. There is a recently developed Certified MBA exam available, and this may merit experimentation.<sup>4</sup>
- The number of “frontal” hours required for each degree, BA and MBA, should be standardized across both university and college programs. A troubling variation across programs suggests a quality deterioration that merits immediate attention.

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<sup>4</sup> There is no necessary contradiction here. For example, the universities might remain essentially meritocratic, but the *system* needs to provide high quality educational opportunities for the less advantaged. Open University and some of the colleges seek to fulfill this role. The CHE’s challenge is to rationalize the roles of the various members of the system.

- Dual majors, common at the universities, should be encouraged for all BA programs. Combining Business with Economics, Law or some other related (even unrelated) field is thought to be beneficially broadening for undergraduates. We believe all colleges and universities offering the BA in business should offer and promote the dual major.
- Corporate corruption has been rampant in many countries, spectacularly but not exclusively in recent decades. If Israel is to be a leader in management education, it must find a way to effectively teach integrity and values in business. Many programs have courses in business ethics, but these are mixed successes. Every program should have *at least one* course in corporate governance, and the issues and lessons of corporate governance should find their way into the syllabi of courses in every specialty area of study in the business curriculum.
- English fluency should be a requirement for *all* BA, MBA and Ph.D. programs in management (business administration). By and large, faculty and administration recognize the importance of values and English fluency in business education, but not nearly enough is being done. We believe these problems are pervasive across Israeli management education at universities and colleges. English fluency and values are essential parts of the business curriculum and deserve much greater priority.
- The values issue also finds expression in classroom attendance. Faculty consumes precious classroom time monitoring attendance and still we heard about classes with 50 percent attendance. Students are typically required to attend at least 80 percent of classes in order to earn a passing grade, but excuses abound: IDF obligations, work, family, health and unreliable public transportation. However, in moments of candor we also heard expressions of doubt as to the value of classroom experiences. If courses offer little more than text materials, classroom attendance can be expected to falter. This issue applies system wide. It also inevitably ties back to problems of faculty motivation.
- All BA and MBA programs should offer courses, and preferably specializations (majors), in entrepreneurship. The Israeli economy is energized by the commercialization of technological advances, many originating in the sciences. Entrepreneurship is the key to this process. Surprisingly only a few

of the schools offered much in the area. The experience of the few successful programs should be studied by the CHE and should be made to cascade to the benefit of other programs.

- We recommend that each discipline area in both universities and colleges be staffed by a specified number of tenured i.e., senior, permanent, full-time faculty. We found too many programs without a tenured or full time senior faculty member in areas such as Finance, Marketing and Accounting. This should be unacceptable. Senior faculty are necessary to cultivate, monitor, and update each area of study. When all the courses in an area of study are taught by transient, part-time faculty, the area cannot flourish. It will stagnate without empowered advocates and guardians. The CHE could mandate a maximum fraction of courses in each disciplinary area that can be taught by part-timers and other transients, but better yet would be a rule that requires that each area be staffed by a minimum number of senior, permanent, full-time faculty where this number is thought to be a critical mass for achieving intellectual vitality.
- Increasingly, Israeli colleges and universities are being staffed by Ph.D.s earned at Israeli universities. The universities face serious difficulties in attracting Ph.D.s, either Israeli or non-Israeli, graduating from the top US and European universities. A variety of issues points to the growing importance of Israeli produced Ph.D.s as a source of new faculty. In many cases, this faculty is being hired without ever having studied abroad or experienced the research ambience of a top U.S. or European university. We recommend that the CHE adopt a proactive role in this area. These young scholars need an international learning experience. This will make them better faculty members when they return and also will contribute to the globalization of Israeli management education. The CHE should fund a post-doctoral program that will send young scholars abroad for a year, or better two, to energize their research agendas. The funding can be in the form of a forgivable loan to encourage return. Israel is not now training enough Ph.D.s to staff existing, not to mention prospective, management education programs, and the ones being trained are probably not as well prepared as those of earlier generations who went to the top U.S. universities to earn a Ph.D. A CHE funded post-doctoral program will encourage and enhance younger faculty members teaching at Israeli colleges and universities.

- Ph.D. granting programs should establish strategic alliances with leading schools and consortia outside Israel. These could serve the collective need of all Israeli Ph.D. granting schools for outstanding post-doctoral experiences. A well-structured program of this type could provide a high return on investment.
- Every business school (program) should be encouraged to form a business advisory council comprised of business and alumni leadership. Virtually all of the leading management education schools in Europe and the U.S. have such advisory boards. Their spread and durability speaks to their usefulness. These bodies typically help find private resources for their programs, advocate for the programs within the university (college) and without, and also provide invaluable advice. Boards typically convene with school leadership two or three times a year to review programs and provide counsel.
- As indicated earlier, the CHE has a compelling consumer protection role. Therefore, it should do more to disseminate timely information regarding the accredited management education programs offered in Israel at both universities and colleges. The internet is a convenient and cost-effective medium. The data should describe students, faculty, program design, ancillary services and other program aspects that speak to the quality of educational offerings. Such information will lead to more informed consumer decisions and also to improved incentives for the schools.
- Open University is pedagogically unique in the Israeli system and it tends to serve audiences less well served by others. It deserves to be more generously funded. Compensation and job security of course coordinators and tutors is inadequate and enervating. Given their delivery technology, liberal admission standards and uncompromising course requirements, it is unlikely that funding formulae based on the experience of more traditional colleges and universities will serve well when applied to Open University. The school's uniqueness should not be permitted to subvert a very important educational enterprise.

## Summary and Priorities

- The overall condition of the 14 management education programs examined is dire and deteriorating. The system suffers most from public underfunding and a growing gap between Israeli faculty compensation, especially at publicly funded institutions, and that offered by schools and other employers abroad as well as in Israel. Hence, the privately-funded schools seem to be doing relatively well. Since most Ph.D. training and research are done at the better established universities, this aspect of education has suffered most. Faculty numbers at these traditionally strong programs have been shrinking alarmingly and faculty productivity is in apparent decline along with standards for appointment and promotion.
- Management education should be seen as a strategic imperative in promoting economic growth, social mobility and prosperity in Israel. The country is small and therefore especially dependent on its ability to export. It is also gifted among nations in technological skills, especially as relates to information technology, nanotechnology, and biotechnology. It must nurture the ability to transform scientific discoveries into commercial ventures that feed the flow of exports. Management education is key to technology transfer. Israel should have at least three business schools that rank among the world's top 30, and at least one in the top 10. Today, there are none in the top 30.
- These considerations elevate the importance of entrepreneurial studies and English fluency among all business school graduates. Similarly important is corporate integrity that will encourage foreign investment. All management education programs in Israel should stress these three foci: entrepreneurial studies, English fluency and corporate governance. Few, if any, are active on all three fronts, although some programs are strong on one or two. The paucity of tenure-track faculty and non-competitive pay makes it very difficult to encourage investment in curriculum updating and development, and these deficiencies are evident, especially among the universities and publicly funded colleges.
- Ph.D. programs are poorly structured-consortial programs that permit stronger disciplinary groupings and collaboration across schools is a compelling idea. At present, the universities' Ph.D. programs are too small, both in faculty and student numbers, to offer anything like a complete array of Ph.D. courses. Moreover, extant programs are unlikely to achieve critical mass in coming years. Hence,

students typically take M.A. level coursework, write a Masters level thesis and then enter the Ph.D. program where they work on their thesis with one or a few faculty members while supporting themselves teaching too much. At the same time, the colleges are eager to attain university status so that they can introduce Ph.D. programs in order to stimulate and support laudable faculty research aspirations. However, such programmatic expansions at the colleges would be inordinately expensive and unlikely to produce outstanding research or exemplary Ph.D.s. Moreover, they would subvert the motive for establishing and nurturing the colleges - to provide lower-cost higher education for a growing fraction of Israelis.

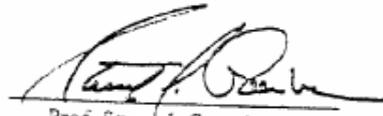
Our suggestion for addressing these Ph.D./research problems at the colleges and universities is to establish one or a few consortia that would become centers for collaboration in Ph.D. education and research. These consortia would agglomerate participants from numerous schools and thereby alleviate the problems of deficient mass at the universities and deficient opportunities at the colleges. Notably, informal inter-school groups in the fields of marketing and finance have emerged voluntarily, but much more needs to be done to rationalize Ph.D. training and support research at the colleges and universities. Formal structures, resources and the encouragement of the CHE are likely to be required to make such consortia the successful norm in Israeli management education. Examples of inter-school consortial collaborations are available in Europe, and especially the Netherlands, and these warrant serious study.

- Encourage privately-funded colleges as a complement to public institutions. The presence of these institutions ensures that market influences are expressed in competition among institutions for students, faculty and resources. Private educational institutions are less encumbered and more adroit in exploiting entrepreneurial opportunities and in addressing the needs of niche markets. They therefore are likely to serve the emerging needs of the educational marketplace. However, the CHE consumer protection role will remain important and could even grow with the number of institutions.
- Again, the problems at Israel's management education programs at the colleges and universities are urgent and serious. They require attention at the highest levels of public policymaking. What was recently a small but internationally respected collection of programs has at once expanded and atrophied. It may to some seem

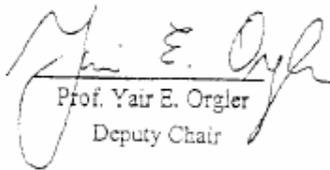
hyperbolic to claim that Israel's continued economic success is ultimately linked to the revitalization of its management education, but we do *not* think so. This is a project deserving of a very high priority.

- In closing, public policy needs to recognize the invaluable role of the colleges, both private and public, within the *system* of higher education. If they are to continue to effectively serve the community's needs, we need to acknowledge the colleges' uniqueness and complementarity and not their subordination within the system. Most definitely, they should not be seen as way stations on a journey toward university status. But this will require a clarification of their role within the system of institutions providing professional management education. This can only be achieved through open, frank and candid dialogue between the CHE and its constituent institutions together with a recognition of management education as a system rather than a collection of independent programs and institutions.

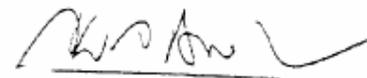
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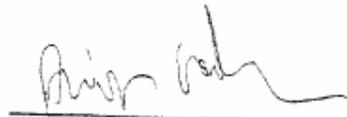
Prof. Stuart I. Greenbaum  
Chairperson



Prof. Yair E. Orgler  
Deputy Chair



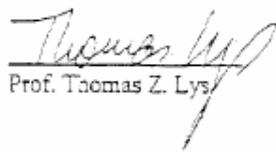
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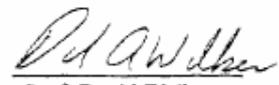
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